

## PRA Group Reports Fourth Quarter and Full Year 2016 Results

NORFOLK, Va., Feb. 28, 2017 -- PRA Group, Inc. (Nasdaq:PRAA), a global leader in acquiring and collecting nonperforming loans, today reported its financial results for the fourth quarter and full year of 2016. The company reported a net loss per share of \$0.38. For the full year, the company reported diluted earnings per share of \$1.83. Non-GAAP financial results are presented in constant currency with the corresponding period of 2015 and exclude items unrelated to normal operations. A reconciliation of all non-GAAP financial measures to the most directly comparable GAAP financial measure can be found at the end of this press release.

### Fourth Quarter Highlights

- Estimated remaining collections of \$5.05 billion.
- Cash collections of \$348.8 million.
- \$199.8 million in investments.

### Full Year 2016 Highlights

- Cash collections of \$1.5 billion.
- Total revenues of \$830.6 million.
- \$947.3 million in investments.

"While our fourth quarter GAAP earnings reflect a non-cash allowance charge, our economic performance remained solid and we made substantial progress resolving operational and regulatory challenges. PRA Group spent much of 2016 preparing for, and to the extent possible, attempting to influence, a number of evolving forces that we believe could ultimately be beneficial to our shareholders," said Steve Fredrickson, chairman and chief executive officer, PRA Group. "Relief from the antiquated interpretation of the Telephone Consumer Protection Act (TCPA), potential increases in domestic supply of nonperforming loans, the prospect of consolidating competition in Europe, and possible clarification of collection regulations are several of these potential tailwinds. We stand ready and waiting to capitalize on any of these events and are excited about what the future holds for PRA Group."

### REVENUES AND CASH COLLECTIONS

- Total revenues of \$155.3 million in the fourth quarter included finance receivables income net of principal amortization and net allowance charges versus \$230.2 million in the prior year period. For the year ended December 31, 2016, total revenues were \$830.6 million versus \$942.0 million in the prior year period.
- Cash collections in the fourth quarter were \$348.8 million versus \$369.4 million in the prior year period. Cash collections for the full year of 2016 were \$1.49 billion versus \$1.54 billion in the prior year period. Both GAAP and currency adjusted cash collections are reported below and were comprised of collections from these finance receivables sources:

| Cash Collection Source | 2016       |            |            |            | 2015       |
|------------------------|------------|------------|------------|------------|------------|
| (\$ in thousands)      | Q4         | Q3         | Q2         | Q1         | Q4         |
| Americas-Core          | \$ 193,360 | \$ 210,524 | \$ 213,741 | \$ 219,571 | \$ 195,834 |
| Americas-Insolvency    | 52,988     | 60,429     | 67,745     | 68,646     | 73,843     |
| Europe-Core            | 97,429     | 96,028     | 102,972    | 94,091     | 97,149     |
| Europe-Insolvency      | 4,974      | 4,719      | 2,744      | 2,025      | 2,545      |
| Total Cash Collections | \$ 348,751 | \$ 371,700 | \$ 387,202 | \$ 384,333 | \$ 369,371 |

### Cash Collection Source -

| Constant Currency Adjusted | 2016       | 2015       |
|----------------------------|------------|------------|
| (\$ in thousands)          | Q4         | Q4         |
| Americas-Core              | \$ 190,534 | \$ 195,834 |
| Americas-Insolvency        | 52,997     | 73,843     |
| Europe-Core                | 106,573    | 97,149     |
| Europe-Insolvency          | 5,714      | 2,545      |
| Total Cash Collections     | \$ 355,818 | \$ 369,371 |

- Principal amortization of finance receivables in the fourth quarter was \$216.8 million or 62.2% of cash collections, compared with \$160.9 million or 43.6% in the prior year period. Principal amortization included a net allowance charge of \$62.5 million recorded against certain pools of finance receivables in the quarter, compared with a net allowance charge of \$11.5 million recorded in the prior year period. During the quarter, the Company made a change to its accounting estimates which generated an outsized allowance charge. Principal amortization of finance receivables for the full year of 2016 was \$746.9 million or 50.1% of cash collections, including a net allowance charge of \$98.5 million compared with \$674.4 million or 43.8%, including a net allowance charge of \$29.4 million in 2015.
- Revenues in the fourth quarter also included income from PRA Group's fee-based businesses of \$21.2 million, compared with \$19.6 million in the prior year period, and other income of \$2.1 million, in-line with the prior year period. For the full year of 2016, fee income was \$77.4 million compared with \$64.4 million in 2015 and other income was \$8.1 million compared with \$12.5 million in 2015.

## EXPENSES AND OPERATING INCOME

- Operating expenses were \$148.2 million in the fourth quarter, compared with \$159.0 million in the prior year period. Operating expenses include an accrual to reflect the fact that the company has reached an agreement in principle with the opposing party in the Mejia case. The fourth quarter of 2015 included an accrual for the settlement of the TCPA lawsuit. For the full year of 2016, operating expenses were \$612.4 million, compared with \$631.7 million in the prior year. The full year of 2015 included the settlement with the CFPB and an accrual for the settlement of the TCPA lawsuit.
- Operating income in the fourth quarter was \$7.1 million, compared with \$71.2 million in the prior year period. For the full year of 2016, operating income was \$218.2 million versus \$310.3 million in 2015. The operating margin was 26.3% for the full year of 2016.
- The provision for income taxes was \$43.2 million for the full year of 2016, or 32.2% of income before taxes, compared to \$89.4 million, or 34.7% of income before taxes, in 2015.

## NET INCOME AND EPS

- Net loss was \$17.6 million in the fourth quarter, compared with net income of \$41.0 million in the prior year period. For the full year of 2016, net income was \$85.1 million, compared with \$167.9 million in 2015. The net income margin for the full year of 2016 was 10.9%.
- Loss per share in the fourth quarter was \$0.38, compared with earnings per diluted share of \$0.86 in the prior year period. For the full year of 2016, earnings per diluted share were \$1.83 versus \$3.47 in the prior year period.

## PORTFOLIO ACQUISITIONS

- PRA Group invested \$199.8 million in new finance receivables in the fourth quarter of 2016. For the full year of 2016, PRA Group invested \$947.3 million in new finance receivables.

| Portfolio Purchase Source  | 2016       |            |            |            | 2015       |
|----------------------------|------------|------------|------------|------------|------------|
| (\$ in thousands)          | Q4         | Q3         | Q2         | Q1         | Q4         |
| Americas-Core              | \$ 91,800  | \$ 95,452  | \$ 130,529 | \$ 136,057 | \$ 120,554 |
| Americas-Insolvency        | 20,929     | 16,760     | 33,723     | 22,952     | 20,589     |
| Europe-Core                | 80,129     | 34,240     | 68,835     | 171,038    | 79,735     |
| Europe-Insolvency          | 6,943      | 14,803     | 16,410     | 6,731      | 4,976      |
| Total Portfolio Purchasing | \$ 199,801 | \$ 161,255 | \$ 249,497 | \$ 336,778 | \$ 225,854 |

## BALANCE SHEET

- Cash and cash equivalents were \$94.3 million as of December 31, 2016, compared with \$71.4 million as of December 31, 2015.
- Net deferred tax liabilities were \$258.3 million as of December 31, 2016, compared with \$261.5 million as of December 31, 2015.
- Borrowings totaled \$1.78 billion as of December 31, 2016, compared with \$1.72 billion as of December 31, 2015.
- Equity attributable to PRA Group, Inc. was \$864.3 million as of December 31, 2016, compared with \$800.5 million as of December 31, 2015.

## Conference Call Information

PRA Group will hold a conference call today at 5:00 p.m. ET to discuss the company's fourth quarter and full year 2016 results. To listen to a webcast of the call, visit <http://ir.pragroup.com/events.cfm>. To listen by phone, call 888-695-7639 in the U.S. or 970-315-0482 outside the U.S. The conference ID is 58396415. To listen to a replay of the call until March 7, 2017, call 855-859-2056 in the U.S. or 404-537-3406 outside the U.S. and use conference ID 58396415.

## About PRA Group

As a global leader in acquiring and collecting nonperforming loans, PRA Group (Nasdaq:PRAA) returns capital to banks and other creditors to help expand financial services for consumers in the Americas and Europe. With over 4,000 employees worldwide, PRA Group companies collaborate with customers to help them resolve their debt and provide a broad range of additional revenue and recovery services to businesses. For more information, please visit [www.pragroup.com](http://www.pragroup.com).

## About Forward Looking Statements

Statements made herein which are not historical in nature, including PRA Group's or its management's intentions, beliefs, expectations, projections, plans or predictions of the future, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

The forward-looking statements in this press release are based upon management's current beliefs, estimates, assumptions and expectations of PRA Group's future operations and financial and economic performance, taking into account currently available information. These statements are not statements of historical fact or guarantees of future performance, and there can be no assurance that anticipated events will transpire or that our expectations will prove to be correct. Forward-looking statements involve risks and uncertainties, some of which are not currently known to PRA Group. Actual events or results may differ materially from those expressed or implied in any such forward-looking statements as a result of various factors, including risk factors and other risks that are described from time to time in PRA Group's filings with the Securities and Exchange Commission including but not limited to PRA Group's annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K, which are available through PRA Group's website and contain a detailed discussion of PRA Group's business, including risks and uncertainties that may affect future results.

Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of today. Information in this press release may be superseded by recent information or statements, which may be disclosed in later press releases, subsequent filings with the Securities and Exchange Commission or otherwise. Except as required by law, PRA Group assumes no obligation to publicly update or revise its forward-looking statements contained herein to reflect any change in PRA Group's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such forward-looking statements are based, in whole or in part.

PRA Group, Inc.

Unaudited Consolidated Income Statements

(in thousands, except per share amounts)

|                    |                     |
|--------------------|---------------------|
| Three Months Ended | Twelve Months Ended |
| December 31,       | December 31,        |

|   | 2016         | 2015      | 2016       | 2015       |
|---|--------------|-----------|------------|------------|
| Revenues:   |              |           |            |            |
| Income recognized on finance receivables, net                       | \$ 131,965   | 208,471   | \$ 745,119 | \$ 865,122 |
| Fee income  | 21,171       | 19,649    | 77,381     | 64,383     |
| Other revenue   | 2,122        | 2,065     | 8,080      | 12,513     |
| Total revenues  | 155,258      | 230,185   | 830,580    | 942,018    |
| Operating expenses:   |              |           |            |            |
| Compensation and employee services                                  | 61,390       | 68,670    | 258,846    | 268,345    |
| Legal collection expenses   | 34,726       | 28,647    | 132,202    | 129,456    |
| Agency fees   | 10,695       | 8,182     | 44,922     | 32,188     |
| Outside fees and services   | 16,683       | 27,309    | 63,098     | 65,155     |
| Communication   | 7,652        | 6,601     | 33,771     | 33,113     |
| Rent and occupancy  | 4,001        | 3,991     | 15,710     | 14,714     |
| Depreciation and amortization                                       | 6,020        | 4,935     | 24,359     | 19,874     |
| Other operating expenses  | 7,023        | 10,678    | 39,466     | 68,829     |
| Total operating expenses  | 148,190      | 159,013   | 612,374    | 631,674    |
| Income from operations  | 7,068        | 71,172    | 218,206    | 310,344    |
| Other income and (expense):   |              |           |            |            |
| Interest expense  | (21,026 )    | (15,321 ) | (80,864 )  | (60,336 )  |
| Impairment of investments   | (5,823 )     | -         | (5,823 )   | -          |
| Foreign exchange (loss)/gain  | (2,619 )     | 301       | 2,564      | 7,514      |
| (Loss)/Income before income taxes                                   | (22,400 )    | 56,152    | 134,083    | 257,522    |
| Provision for income taxes  | (7,053 )     | 15,164    | 43,191     | 89,391     |
| Net (loss)/income   | \$ (15,347 ) | \$ 40,988 | \$ 90,892  | \$ 168,131 |
| Adjustment for net income attributable to noncontrolling interests  | 2,301        | 18        | 5,795      | 205        |
| Net (loss)/income attributable to PRA Group, Inc.                   | \$ (17,648 ) | \$ 40,970 | \$ 85,097  | \$ 167,926 |
| Net (loss)/income per common share attributable to PRA Group, Inc.: |              |           |            |            |
| Basic   | \$ (0.38 )   | \$ 0.87   | \$ 1.84    | \$ 3.49    |
| Diluted   | \$ (0.38 )   | \$ 0.86   | \$ 1.83    | \$ 3.47    |

Weighted average number of shares outstanding:

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 46,346 | 47,197 | 46,316 | 48,128 |
| Diluted | 46,346 | 47,539 | 46,388 | 48,405 |

PRA Group, Inc.

Unaudited Consolidated Balance Sheets

(in thousands)

|                             | December 31,<br>2016 | December 31,<br>2015 |
|-----------------------------|----------------------|----------------------|
| <b>ASSETS</b>               |                      |                      |
| Cash and cash equivalents   | \$ 94,287            | \$ 71,372            |
| Investments                 | 68,543               | 73,799               |
| Finance receivables, net    | 2,307,969            | 2,202,113            |
| Other receivables, net      | 11,650               | 30,771               |
| Income taxes receivable     | 9,427                | 1,717                |
| Net deferred tax asset      | 28,482               | 13,068               |
| Property and equipment, net | 38,744               | 45,394               |
| Goodwill                    | 499,911              | 495,156              |
| Intangible assets, net      | 27,935               | 23,788               |
| Other assets                | 33,808               | 33,389               |
| Assets held for sale        | 43,243               | -                    |
| <br>Total assets            | <br>\$ 3,163,999     | <br>\$ 2,990,567     |

LIABILITIES AND EQUITY

Liabilities:

|                            |           |           |
|----------------------------|-----------|-----------|
| Accounts payable           | \$ 2,459  | \$ 4,190  |
| Accrued expenses           | 82,699    | 95,380    |
| Income taxes payable       | 19,631    | 21,236    |
| Net deferred tax liability | 258,344   | 261,498   |
| Interest-bearing deposits  | 76,113    | 46,991    |
| Borrowings                 | 1,784,101 | 1,717,129 |
| Other liabilities          | 10,821    | 4,396     |
| Liabilities held for sale  | 4,220     | -         |

|   |              |              |
|---|--------------|--------------|
| Total liabilities   | 2,238,388    | 2,150,820    |
| Redeemable noncontrolling interest  | 8,448        | -            |
| Equity:   |              |              |
| Preferred stock, par value \$0.01, authorized shares, 2,000,<br>issued and outstanding shares, 0  | -            | -            |
| Common stock, par value \$0.01, authorized shares, 100,000, issued<br>and outstanding shares, 46,356 at December 31, 2016; 100,000<br>authorized shares, 46,173 issued and outstanding shares at<br>December 31, 2015 | 464          | 462          |
| Additional paid-in capital  | 66,414       | 64,622       |
| Retained earnings   | 1,049,367    | 964,270      |
| Accumulated other comprehensive loss  | (251,944 )   | (228,861 )   |
| Total stockholders' equity - PRA Group, Inc.  | 864,301      | 800,493      |
| Noncontrolling interest   | 52,862       | 39,254       |
| Total equity  | 917,163      | 839,747      |
| Total liabilities and equity  | \$ 3,163,999 | \$ 2,990,567 |

PRA Group, Inc.

#### Financial Highlights

|  | As of and for the<br>Three Months Ended December 31, |            |        |  | As of and for the<br>Twelve Months Ended December 31, |            |        |
|--|--|------------|--------|--|---|------------|--------|
|  | 2016   | 2015       | Change |  | 2016  | 2015       | Change |
| EARNINGS (in thousands)                          |  |            |        |  |   |            |        |
| Income recognized on<br>finance receivables, net | \$ 131,965   | \$ 208,471 | -37 %  |  | \$ 745,119  | \$ 865,122 | -14 %  |
| Fee income                                       | 21,171   | 19,649     | 8 %    |  | 77,381  | 64,383     | 20 %   |
| Other revenue                                    | 2,122  | 2,065      | 3 %    |  | 8,080   | 12,513     | -35 %  |
| Total revenues                                   | 155,258  | 230,185    | -33 %  |  | 830,580   | 942,018    | -12 %  |
| Operating expenses                               | 148,190  | 159,013    | -7 %   |  | 612,374   | 631,674    | -3 %   |
| Income from operations                           | 7,068  | 71,172     | -90 %  |  | 218,206   | 310,344    | -30 %  |
| Net interest expense                             | 21,026   | 15,321     | 37 %   |  | 80,864  | 60,336     | 34 %   |
| Net (loss)/income                                | (15,347 )  | 40,988     | -137 % |  | 90,892  | 168,131    | -46 %  |

|   |           |        |        |        |         |       |
|---|-----------|--------|--------|--------|---------|-------|
| Net (loss)/income attributable to PRA Group, Inc. | (17,648 ) | 40,970 | -143 % | 85,097 | 167,926 | -49 % |
|---|-----------|--------|--------|--------|---------|-------|

PERIOD-END BALANCES (in thousands)

|                                     |           |           |      |           |           |      |
|-------------------------------------|-----------|-----------|------|-----------|-----------|------|
| Cash and cash equivalents           | \$ 94,287 | \$ 71,372 | 32 % | \$ 94,287 | \$ 71,372 | 32 % |
| Finance receivables, net            | 2,307,969 | 2,202,113 | 5 %  | 2,307,969 | 2,202,113 | 5 %  |
| Goodwill and intangible assets, net | 527,846   | 518,944   | 2 %  | 527,846   | 518,944   | 2 %  |
| Total assets                        | 3,163,999 | 2,990,567 | 6 %  | 3,163,999 | 2,990,567 | 6 %  |
| Borrowings                          | 1,784,101 | 1,717,129 | 4 %  | 1,784,101 | 1,717,129 | 4 %  |
| Total liabilities                   | 2,238,388 | 2,150,820 | 4 %  | 2,238,388 | 2,150,820 | 4 %  |
| Total equity - PRA Group, Inc.      | 864,301   | 800,493   | 8 %  | 864,301   | 800,493   | 8 %  |

FINANCE RECEIVABLE

INCOME (dollars in thousands)

|   |            |            |       |              |              |       |
|---|------------|------------|-------|--------------|--------------|-------|
| Cash collections  | \$ 348,751 | \$ 369,371 | -6 %  | \$ 1,491,986 | \$ 1,539,495 | -3 %  |
| Cash collections on fully amortized pools                             | 9,041      | 8,280      | 9 %   | 34,185       | 51,900       | -34 % |
| Principal amortization without allowance charges                      | 154,271    | 149,381    | 3 %   | 648,388      | 645,004      | 1 %   |
| Allowance charges   | 62,515     | 11,519     | 443 % | 98,479       | 29,369       | 235 % |
| Principal amortization with allowance charges                         | 216,786    | 160,900    | 35 %  | 746,867      | 674,373      | 11 %  |
| Principal amortization w/ allowance charges as % of cash collections: |            |            |       |              |              |       |
| Including fully amortized pools                                       | 62.2 %     | 43.6 %     | 43 %  | 50.1 %       | 43.8 %       | 14 %  |
| Excluding fully amortized pools                                       | 63.8 %     | 44.6 %     | 43 %  | 51.2 %       | 45.3 %       | 13 %  |
| Allowance charges to period-end net finance receivables               | 2.7 %      | 0.5 %      | 418 % | 4.3 %        | 1.3 %        | 220 % |

PURCHASES OF FINANCE

RECEIVABLES (dollars in thousands)

|                                |           |            |       |            |            |     |
|--------------------------------|-----------|------------|-------|------------|------------|-----|
| Purchase price - Americas core | \$ 91,800 | \$ 120,554 | -24 % | \$ 453,838 | \$ 448,281 | 1 % |
|--------------------------------|-----------|------------|-------|------------|------------|-----|

|   |         |         |     |   |         |         |     |   |
|---|---------|---------|-----|---|---------|---------|-----|---|
| Purchase price - Americas<br>insolvency | 20,929  | 20,589  | 2   | % | 94,364  | 65,437  | 44  | % |
| Purchase price - Europe core            | 80,129  | 79,735  | 0   | % | 354,242 | 430,198 | -18 | % |
| Purchase price - Europe<br>insolvency   | 6,943   | 4,976   | 40  | % | 44,887  | 19,895  | 126 | % |
| Purchase price - total                  | 199,801 | 225,854 | -12 | % | 947,331 | 963,811 | -2  | % |
| Number of portfolios - total            | 126     | 139     | -9  | % | 523     | 542     | -4  | % |

ESTIMATED REMAINING  
COLLECTIONS (in thousands)

|   |              |              |     |   |              |              |     |   |
|---|--------------|--------------|-----|---|--------------|--------------|-----|---|
| Estimated remaining<br>collections - Americas core          | \$ 2,571,887 | \$ 2,558,529 | 1   | % | \$ 2,571,887 | \$ 2,558,529 | 1   | % |
| Estimated remaining<br>collections - Americas<br>insolvency | 331,371      | 448,652      | -26 | % | 331,371      | 448,652      | -26 | % |
| Estimated remaining<br>collections - Europe core            | 2,072,936    | 1,964,763    | 6   | % | 2,072,936    | 1,964,763    | 6   | % |
| Estimated remaining<br>collections - Europe<br>insolvency   | 71,810       | 34,878       | 106 | % | 71,810       | 34,878       | 106 | % |
| Estimated remaining<br>collections - total                  | 5,048,004    | 5,006,822    | 1   | % | 5,048,004    | 5,006,822    | 1   | % |
| Adjusted estimated<br>remaining collections (7)             | 5,109,404    | 5,114,923    | 0   | % | 5,109,404    | 5,114,923    | 0   | % |

SHARE DATA (share amounts  
in thousands)

|   |          |           |      |   |          |          |      |   |
|---|----------|-----------|------|---|----------|----------|------|---|
| Net (loss)/income per<br>common share - diluted                               | \$ (0.38 | ) \$ 0.86 | -144 | % | \$ 1.83  | \$ 3.47  | -47  | % |
| Weighted average number of<br>shares outstanding - diluted                    | 46,346   | 47,539    | -3   | % | 46,388   | 48,405   | -4   | % |
| Shares repurchased  | -        | 2,072     | -100 | % | -        | 3,683    | -100 | % |
| Average price paid per share<br>repurchased (including<br>acquisitions costs) | \$ -     | 38.60     | -100 | % | -        | 44.94    | -100 | % |
| Closing market price  | \$ 39.10 | \$ 34.69  | 13   | % | \$ 39.10 | \$ 34.69 | 13   | % |

RATIOS AND OTHER DATA

(dollars in thousands)

|  |            |    |         |        |   |              |    |           |       |   |
|--|------------|----|---------|--------|---|--------------|----|-----------|-------|---|
| Return on average equity (1)                   | -7.9       | %  | 19.8    | % -140 | % | 9.7          | %  | 19.9      | % -51 | % |
| Return on revenue (2)                          | -9.9       | %  | 17.8    | % -156 | % | 10.9         | %  | 17.8      | % -39 | % |
| Return on average assets (3)                   | -2.2       | %  | 5.5     | % -140 | % | 2.6          | %  | 5.9       | % -56 | % |
| Operating margin (4)                           | 4.6        | %  | 30.9    | % -85  | % | 26.3         | %  | 32.9      | % -20 | % |
| Operating expense to cash receipts (5)         | 40.1       | %  | 40.9    | % -2   | % | 39.0         | %  | 39.4      | % -1  | % |
| Debt to total equity - PRA Group, Inc. (6)     | 206.4      | %  | 214.5   | % -4   | % | 206.4        | %  | 214.5     | % -4  | % |
| Number of full-time equivalent collectors      | 1,906      |    | 2,029   | -6     | % | 1,906        |    | 2,029     | -6    | % |
| Number of full-time equivalent employees       | 4,019      |    | 3,799   | 6      | % | 4,019        |    | 3,799     | 6     | % |
| Cash receipts (5)                              | \$ 369,922 | \$ | 389,020 | -5     | % | \$ 1,569,367 | \$ | 1,603,878 | -2    | % |
| Lines of credit - unused portion at period end | 641,132    |    | 446,769 | 44     | % | 641,132      |    | 446,769   | 44    | % |

(1) Calculated as annualized or annual net income divided by average equity for the period

(2) Calculated as net income divided by total revenues

(3) Calculated as annualized or annual net income divided by average assets for the period

(4) Calculated as income from operations divided by total revenues

(5) "Cash receipts" is defined as cash collections plus fee income

(6) For purposes of this ratio, "debt" equals borrowings

(7) Equals total estimated remaining collections on our owned finance receivable portfolios plus the estimated remaining collections on certain of our other investments.

PRA Group, Inc.

## Financial Highlights

|   | For the Quarter Ended |              |            |            |             |
|---|-----------------------|--------------|------------|------------|-------------|
|   | December 31           | September 30 | June 30    | March 31   | December 31 |
|   | 2016                  | 2016         | 2016       | 2016       | 2015        |
| EARNINGS (in thousands)                       |                       |              |            |            |             |
| Income recognized on finance receivables, net | \$ 131,965            | \$ 202,639   | \$ 204,008 | \$ 206,507 | \$ 208,471  |
| Fee income                                    | 21,171                | 17,597       | 22,347     | 16,266     | 19,649      |
| Other revenue                                 | 2,122                 | 1,748        | 2,101      | 2,109      | 2,065       |
| Total revenues                                | 155,258               | 221,984      | 228,456    | 224,882    | 230,185     |



|   |           |         |         |         |         |
|---|-----------|---------|---------|---------|---------|
| Operating expenses                                | 148,190   | 154,496 | 155,700 | 153,988 | 159,013 |
| Income from operations                            | 7,068     | 67,488  | 72,756  | 70,894  | 71,172  |
| Net interest expense                              | 21,026    | 19,310  | 20,569  | 19,959  | 15,321  |
| Net (loss)/income                                 | (15,347 ) | 36,518  | 36,868  | 32,853  | 40,988  |
| Net (loss)/income attributable to PRA Group, Inc. | (17,648 ) | 34,306  | 36,456  | 31,983  | 40,970  |

PERIOD-END BALANCES (in thousands)

|                                     |           |           |            |           |           |
|-------------------------------------|-----------|-----------|------------|-----------|-----------|
| Cash and cash equivalents           | \$ 94,287 | \$ 91,791 | \$ 117,071 | \$ 79,442 | \$ 71,372 |
| Finance receivables, net            | 2,307,969 | 2,392,408 | 2,399,949  | 2,377,077 | 2,202,113 |
| Goodwill and intangible assets, net | 527,846   | 592,044   | 576,992    | 557,024   | 518,944   |
| Total assets                        | 3,163,999 | 3,279,347 | 3,305,596  | 3,268,833 | 2,990,567 |
| Borrowings                          | 1,784,101 | 1,816,600 | 1,912,283  | 1,896,424 | 1,717,129 |
| Total liabilities                   | 2,238,388 | 2,291,369 | 2,370,415  | 2,360,091 | 2,150,820 |
| Total equity - PRA Group, Inc.      | 864,301   | 937,702   | 886,077    | 864,868   | 800,493   |

FINANCE RECEIVABLE COLLECTIONS (dollars in thousands)

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Cash collections                                 | \$ 348,751 | \$ 371,700 | \$ 387,202 | \$ 384,333 | \$ 369,371 |
| Cash collections on fully amortized pools        | 9,041      | 7,744      | 8,124      | 9,276      | 8,280      |
| Principal amortization without allowance charges | 154,271    | 155,915    | 170,274    | 167,928    | 149,381    |
| Allowance charges                                | 62,515     | 13,146     | 12,920     | 9,898      | 11,519     |
| Principal amortization with allowance charges    | 216,786    | 169,061    | 183,194    | 177,826    | 160,900    |

Principal amortization w/ allowance charges as % of cash collections:

|                                 |      |   |      |   |      |   |      |   |      |   |
|---------------------------------|------|---|------|---|------|---|------|---|------|---|
| Including fully amortized pools | 62.2 | % | 45.5 | % | 47.3 | % | 46.3 | % | 43.6 | % |
| Excluding fully amortized pools | 63.8 | % | 46.5 | % | 48.3 | % | 47.4 | % | 44.6 | % |

|   |     |   |     |   |     |   |     |   |     |   |
|---|-----|---|-----|---|-----|---|-----|---|-----|---|
| Allowance charges to period-end net finance receivables | 2.7 | % | 0.5 | % | 0.5 | % | 0.4 | % | 0.5 | % |
|---|-----|---|-----|---|-----|---|-----|---|-----|---|

# PURCHASES OF FINANCE

RECEIVABLES (dollars in thousands)

|   |           |           |            |            |            |
|---|-----------|-----------|------------|------------|------------|
| Purchase price - North America core       | \$ 91,800 | \$ 95,452 | \$ 130,529 | \$ 136,057 | \$ 120,554 |
| Purchase price - North America insolvency | 20,929    | 16,760    | 33,723     | 22,952     | 20,589     |
| Purchase price - Europe core              | 80,129    | 34,240    | 68,835     | 171,038    | 79,735     |
| Purchase price - Europe insolvency        | 6,943     | 14,803    | 16,410     | 6,731      | 4,976      |
| Purchase price - total                    | 199,801   | 161,255   | 249,497    | 336,778    | 225,854    |
| Number of portfolios - total              | 126       | 122       | 136        | 139        | 139        |

# ESTIMATED REMAINING

COLLECTIONS (in thousands)

|   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| Estimated remaining collections - Americas core       | \$ 2,571,887 | \$ 2,672,427 | \$ 2,705,781 | \$ 2,643,410 | \$ 2,558,529 |
| Estimated remaining collections - Americas insolvency | 331,371      | 356,363      | 396,667      | 421,866      | 448,652      |
| Estimated remaining collections - Europe core         | 2,072,936    | 2,148,230    | 2,171,542    | 2,152,403    | 1,964,763    |
| Estimated remaining collections - Europe insolvency   | 71,810       | 72,919       | 59,107       | 40,938       | 34,878       |
| Estimated remaining collections - total               | 5,048,004    | 5,249,939    | 5,333,097    | 5,258,617    | 5,006,822    |
| Adjusted estimated remaining collections (7)          | 5,109,404    | 5,345,657    | 5,430,192    | 5,366,417    | 5,114,923    |

SHARE DATA (share amounts in thousands)

|   |            |         |         |         |         |
|---|------------|---------|---------|---------|---------|
| Net (loss)/income per common share - diluted            | \$ (0.38 ) | \$ 0.74 | \$ 0.79 | \$ 0.69 | \$ 0.86 |
| Weighted average number of shares outstanding - diluted | 46,346     | 46,434  | 46,402  | 46,372  | 47,539  |
| Shares repurchased                                      | -          | -       | -       | -       | 2,072   |

# Average price paid per share

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| repurchased (including acquisitions costs) | \$ -     | \$ -     | \$ -     | \$ -     | \$ 38.60 |
| Closing market price                       | \$ 39.10 | \$ 34.54 | \$ 24.14 | \$ 29.39 | \$ 34.69 |

## RATIOS AND OTHER DATA

(dollars in thousands)

|  |            |            |            |            |            |   |
|--|------------|------------|------------|------------|------------|---|
| Return on average equity (1)                   | -7.9       | % 15.1     | % 16.4     | % 15.4     | % 19.8     | % |
| Return on revenue (2)                          | -9.9       | % 16.5     | % 16.1     | % 14.6     | % 17.8     | % |
| Return on average assets (3)                   | -2.2       | % 4.2      | % 4.4      | % 4.1      | % 5.5      | % |
| Operating margin (4)                           | 4.6        | % 30.4     | % 31.8     | % 31.5     | % 30.9     | % |
| Operating expense to cash receipts (5)         | 40.1       | % 39.7     | % 38.0     | % 38.4     | % 40.9     | % |
| Debt to total equity - PRA Group, Inc. (6)     | 206.4      | % 193.7    | % 215.8    | % 219.3    | % 214.5    | % |
| Number of full-time equivalent collectors      | 1,906      | 1,859      | 1,804      | 1,881      | 2,029      |   |
| Number of full-time equivalent employees       | 4,019      | 3,859      | 3,816      | 3,748      | 3,799      |   |
| Cash receipts (5)                              | \$ 369,922 | \$ 389,297 | \$ 409,549 | \$ 400,599 | \$ 389,020 |   |
| Lines of credit - unused portion at period end | 641,132    | 630,775    | 430,651    | 435,709    | 446,769    |   |

(1) Calculated as annualized net income divided by average equity for the period

(2) Calculated as net income divided by total revenues

(3) Calculated as annualized net income divided by average assets for the period

(4) Calculated as income from operations divided by total revenues

(5) "Cash receipts" is defined as cash collections plus fee income

(6) For purposes of this ratio, "debt" equals borrowings

(7) Equals total estimated remaining collections on our owned finance receivable portfolios plus the estimated remaining collections on certain of our other investments.

### Use of Non-GAAP Financial Measures

PRA Group, Inc. reports financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, the Company believes certain non-GAAP financial measures and ratios, which exclude penalty and redress associated with the Consumer Financial Protection Bureau consent order, expenses associated with acquisitions, legal costs not associated with normal operations, one-time tax items and constant currency adjustments, improve comparability between current year results and prior periods and better reflect the Company's operational performance. In all periods presented, the Company adjusted the income tax provision by excluding the tax impact of the non-GAAP adjustments discussed above in non-GAAP financial measures. Management uses non-GAAP financial measures internally to evaluate the Company's performance and to set performance goals. Reconciliations from non-GAAP to the most directly comparable GAAP financial measures are provided below. These non-GAAP financial measures should be viewed in addition to, not as an alternative for reported GAAP results.

The constant currency results assume that foreign revenues and expenses are translated from foreign currencies to the U.S. Dollar at rates consistent with the prior year, and that any benefit or loss caused by foreign currency fluctuations would be consistent with the prior year. To do this the Company translates the current year's income statements into U.S. Dollars using the prior year's average exchange rates and then replaces the foreign exchange gain or loss for the current year with the balance from the prior year. Finally, the Company calculates the tax impact of the constant currency results to reflect the current effective tax rate of the reporting period.

*Three Months Ended December 31, 2016*

|                    | <i>Net (Loss)</i> | <i>Average Equity</i> | <i>Return on Average Equity, Annualized</i> |   |
|--------------------|-------------------|-----------------------|---|---|
| <i>As Reported</i> | \$ (17,648 )      | \$ 894,821            | -7.9  | % |
| <i>Adjustments</i> | 2,210             | 738                   | 1.0   | % |
| <i>As Adjusted</i> | (15,438 )         | 895,559               | -6.9  | % |

*Twelve Months Ended December 31, 2016*

|                    | <i>Net Income</i> | <i>Average Equity</i> | <i>Return on Average Equity</i> |   |
|--------------------|-------------------|-----------------------|---------------------------------|---|
| <i>As Reported</i> | \$ 85,097         | \$ 880,394            | 9.7                             | % |
| <i>Adjustments</i> | 8,900             | 745                   | 1.0                             | % |
| <i>As Adjusted</i> | 93,997            | 881,139               | 10.7                            | % |

*Three Months Ended December 31, 2015*

|                    | <i>Net Income</i> | <i>Average Equity</i> | <i>Return on Average Equity, Annualized</i> |   |
|--------------------|-------------------|-----------------------|---|---|
| <i>As Reported</i> | \$ 40,970         | \$ 826,853            | 19.8  | % |
| <i>Adjustments</i> | 8,455             | 2,818                 | 4.0   | % |
| <i>As Adjusted</i> | 49,425            | 829,671               | 23.8  | % |

*Twelve Months Ended December 31, 2015*

|                    | <i>Net Income</i> | <i>Average Equity</i> | <i>Return on Average Equity</i> |   |
|--------------------|-------------------|-----------------------|---------------------------------|---|
| <i>As Reported</i> | \$ 167,926        | \$ 843,164            | 19.9                            | % |
| <i>Adjustments</i> | 34,930            | 2,926                 | 4.1                             | % |
| <i>As Adjusted</i> | 202,856           | 846,090               | 24.0                            | % |

*Three Months Ended December 31, 2016*

|                              | <i>Total Revenues</i> | <i>Total Operating Expenses</i> | <i>Income from Operations</i> | <i>Provision for Income Taxes</i> | <i>Net Loss attributable to PRA Group, Inc.</i> | <i>Diluted EPS</i> |
|------------------------------|-----------------------|---------------------------------|-------------------------------|-----------------------------------|---|--------------------|
| <i>As Reported</i>           | \$ 155,258            | \$ 148,190                      | \$ 7,068                      | \$ (7,053 )                       | \$ (17,648 )                                    | \$ (0.38 )         |
| <i>Adjustments:</i>          |                       |                                 |                               |                                   |   |                    |
| Acquisition-related expenses | -                     | (458 )                          | 458                           | 168                               | 290   | 0.01               |

|   |         |          |        |          |           |         |
|---|---------|----------|--------|----------|-----------|---------|
| One-time tax items                                | -       | -        | -      | (461 )   | 461       | 0.01    |
| Legal costs not associated with normal operations | -       | (3,741 ) | 3,741  | 1,459    | 2,282     | 0.05    |
| Constant currency adjustments                     | 1,998   | 1,941    | 57     | 706      | (823 )    | (0.02 ) |
| Subtotal of adjustments                           | 1,998   | (2,258 ) | 4,256  | 1,872    | 2,210     | 0.05    |
| As Adjusted                                       | 157,256 | 145,932  | 11,324 | (5,181 ) | (15,438 ) | (0.33 ) |

*Twelve Months Ended December 31, 2016*

|   | <i>Total</i>    | <i>Total</i>              | <i>Income</i>          | <i>Provision</i>        | <i>Net</i>                                    |                    |
|---|-----------------|---------------------------|------------------------|-------------------------|---|--------------------|
|   | <i>Revenues</i> | <i>Operating Expenses</i> | <i>from Operations</i> | <i>for Income Taxes</i> | <i>Income attributable to PRA Group, Inc.</i> | <i>Diluted EPS</i> |
| <i>As Reported</i>                                | \$ 830,580      | \$ 612,374                | \$ 218,206             | \$ 43,191               | \$ 85,097                                     | \$ 1.83            |
| <i>Adjustments:</i>                               |                 |                           |                        |                         |   |                    |
| CFPB expenses including penalty and redress       | -               | (93 )                     | 93                     | 35                      | 58  | 0.00               |
| Acquisition-related expenses                      | -               | (2,265 )                  | 2,265                  | 850                     | 1,415   | 0.03               |
| One-time tax items                                | -               | -                         | -                      | (1,844 )                | 1,844   | 0.04               |
| Legal costs not associated with normal operations | -               | (7,310 )                  | 7,310                  | 2,742                   | 4,568   | 0.10               |
| Constant currency adjustments                     | 9,485           | 6,698                     | 2,787                  | (272 )                  | 1,015   | 0.03               |
| Subtotal of adjustments                           | 9,485           | (2,970 )                  | 12,455                 | 1,511                   | 8,900   | 0.20               |
| As Adjusted                                       | 840,065         | 609,404                   | 230,661                | 44,702                  | 93,997  | 2.03               |

*Three Months Ended December 31, 2015*

|   | <i>Total</i>    | <i>Total</i>              | <i>Income</i>          | <i>Provision</i>        | <i>Net</i>                                    |                    |
|---|-----------------|---------------------------|------------------------|-------------------------|---|--------------------|
|   | <i>Revenues</i> | <i>Operating Expenses</i> | <i>from Operations</i> | <i>for Income Taxes</i> | <i>Income attributable to PRA Group, Inc.</i> | <i>Diluted EPS</i> |
| <i>As Reported</i>                          | \$ 230,185      | \$ 159,013                | \$ 71,172              | \$ 15,164               | \$ 40,970                                     | \$ 0.86            |
| <i>Adjustments:</i>                         |                 |                           |                        |                         |   |                    |
| CFPB expenses including penalty and redress | -               | (111 )                    | 111                    | 43                      | 68  | 0.00               |

|   |         |           |        |        |        |      |
|---|---------|-----------|--------|--------|--------|------|
| Acquisition-related expenses                      | -       | (1,639 )  | 1,639  | 634    | 1,005  | 0.02 |
| Legal costs not associated with normal operations | -       | (12,045 ) | 12,045 | 4,663  | 7,382  | 0.16 |
| Subtotal of adjustments                           | -       | (13,795 ) | 13,795 | 5,340  | 8,455  | 0.18 |
| As Adjusted                                       | 230,185 | 145,218   | 84,967 | 20,504 | 49,425 | 1.04 |

*Twelve Months Ended December 31, 2015*

|   | <i>Total</i>    | <i>Total</i>     | <i>Income</i>     | <i>Provision</i> | <i>Net</i>          |                |
|---|-----------------|------------------|-------------------|------------------|---------------------|----------------|
|   | <i>Revenues</i> | <i>Operating</i> | <i>from</i>       | <i>for</i>       | <i>Income</i>       | <i>Diluted</i> |
|   |                 | <i>Expenses</i>  | <i>Operations</i> | <i>Income</i>    | <i>attributable</i> | <i>EPS</i>     |
|   |                 |                  |                   | <i>Taxes</i>     | <i>to</i>           |                |
|   |                 |                  |                   |                  | <i>PRA Group,</i>   |                |
|   |                 |                  |                   |                  | <i>Inc.</i>         |                |
| <i>As Reported</i>                                | \$ 942,018      | \$ 631,674       | \$ 310,344        | \$ 89,391        | \$ 167,926          | \$ 3.47        |
| <i>Adjustments:</i>                               |                 |                  |                   |                  |                     |                |
| CFPB expenses including penalty and redress       | -               | (28,917 )        | 28,917            | 8,158            | 20,759              | 0.43           |
| Acquisition-related expenses                      | -               | (5,627 )         | 5,627             | 1,668            | 3,959               | 0.08           |
| One-time tax items                                | -               | -                | -                 | (1,846 )         | 1,846               | 0.04           |
| Legal costs not associated with normal operations | -               | (13,714 )        | 13,714            | 5,348            | 8,366               | 0.17           |
| Subtotal of adjustments                           | -               | (48,258 )        | 48,258            | 13,328           | 34,930              | 0.72           |
| As Adjusted                                       | 942,018         | 583,416          | 358,602           | 102,719          | 202,856             | 4.19           |

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